(a) whether there is any proposal under Government's consideration to change rules relating to foreign trade policy and also Special Economic Zones that would enable the refineries to set up export-oriented units to sell petroleum products in domestic market without paying extra tax or duties;

(b) if so, the details thereof; and

(c) the loss likely to be incurred by Government as result of acceptance of this proposal?

THE MINISTER OF STATE IN THE DEPARTMENT OF COMMERCE, MINISTRY OF COMMERCE AND INDUSTRY (SHRI JAIRAM RAMESH): (a) and (c) A proposal was received from Ministry of Petroleum and Natural Gas to tackle simultaneous import and export of petroleum products in India by allowing Public Sector Undertaking oil companies (Domestic Tariff Area) to source Petroleum products from EOU/SEZ refineries. The proposal has not been supported by Ministry of Finance and the same has been communicated to Ministry of Petroleum and Natural Gas.

Boosting Indian export sector

247. SHRI AMAR SINGH: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether Government is aware that Indian exports have been severally hit because of global economic downturn and slowing demand in developed markets;

(b) if so, the details thereof;

(c) whether Government have chalked out any plan to boost export sector and also minimize the hardship of the exporter and if so, the details thereof; and

(d) by when such measures are likely to be implemented?

THE MINISTER OF STATE IN THE DEPARTMENT OF COMMERCE, MINISTRY OF COMMERCE AND INDUSTRY (SHRI JAIRAM RAMESH): (a) and (b) Exports of goods during the period April-December' 08 had been US$ 130.91 billion as against US$ 113.48 billion during the corresponding period in the previous year, thereby registering a growth of 15.4%. On account of global financial crisis and economic slowdown particularly of developed economies, the target of US$200 Billion fixed for the financial year 2008-09 is unlikely to be achieved. Effect of global slowdown on India's exports has been more pronounced in sectors *viz.* Gems and Jewellery, Textiles and Garments, Handicrafts, Automobiles, Leather and Leather products, Marine Products and Plastic and Linoleum etc. also affecting employment in these sectors.

(c) and (d) The Government and RBI are closely monitoring both the domestic and international economic developments. Some of the steps recently taken by Government/RBI to arrest the decline in export growth rate are given in the Statement.

Statement

Some of the steps taken recently by Government/RBI to arrest the decline in Export Growth

(I) **Measures taken by the Government** :

1. Interest subvention of 2% has been extended, till 30.9.2009, to the following labour intensive sectors for exports:-

   Textiles (including Handlooms), Handicrafts, Leather, Gems and Jewellery, Marine Products and SMEs;

2. Additional funds of Rs 350 crore provided for export incentive schemes;

3. Handicraft items included in Vishesh Krishi and Gram Udyog Yojana (VKGUY);

4. Support under VKGUY Scheme announced for some additional commodities.

5. Market Linked Focus Product Scheme extended for bicycle parts, Motor Cars and Motor Cycles, Apparels and Clothing accessories, Auto Components etc.

6. Rs 1100 crore provided to ensure full refund of claims of CST/Terminal Excise duty/duty drawback on deemed exports;

7. Continuation of Duty Entitlement Passbook (DEPB) Scheme upto 31st December, 2009;

8. Restoration of DEPB rates for all items where they were reduced in November, 2008 and increase in Duty Drawback rates on certain items effective from 1st September, 2008;

9. Back-up guarantee made available to ECGC to the extent of Rs 350 crore to enable it to provide guarantees for exports to difficult markets/products;

10. Additional funds of Rs. 1400 crore provided for textile sector to clear the backlog claims of TUF;

11. Export duty on iron ore fines eliminated, and for lumps, reduced to 5%;

12. Some pending issues relating to Service Tax refund on exports—resolved;

13. For Fast Track Resolution of a number of procedural issues thereby reducing delays fro the exporters, a Committee has been constituted under the Chairmanship of Finance Secretary including Secretaries of Department of Revenue and Commerce;

14. Excise duty reduced across the board by 4 per cent for all products except petroleum products and those products where current rate was less than 4%;

15. The guarantee cover under Credit Guarantee Scheme for Micro and Small Enterprises on loans doubled to Rs 1 crore with a guarantee cover of 50%. The guarantee cover extended by Credit Guarantee Fund Trust increased to 85% for credit facility upto Rs.5 lakh. The lock-in period for such collateral-free loans reduced.

16. Import duty on naphtha for power sector eliminated;

17. CVD on TMT bars and structurals and on cement removed;

18. Exemption from basic customs duty on Zinc and Ferro Alloys withdrawn;

19. Regular monitoring mechanism :

(a) The situation is being regularly monitored at the highest level of Government, so that immediate further corrective measures, can be taken as may be required. In this regard, the Government has constituted two High Level Committees:

(i) An Apex Group chaired by Prime Minister with Finance Minister, Commerce Minister Deputy Chairman (Planning Commission), RBI Governor;

(ii) Committee of officers chaired by cabinet secretary, including Finance Secretary, Commerce Secretary, Secretary (DIPP), Secretary (Planning Commission) to meet regularly to look into the suggestions made by Trade and Industry and the respective Administrative Ministries in respect of the current global economic and financial crisis and to recommend action to the Apex Group.

(b) Department of MSME and Department of Financial Services to jointly monitor on the progress of the meetings of Monthly meeting of State level Bankers' Committee for resolution of credit issues of MSME.

(c) Fast Track Monitoring Committee to ensure expeditious approval and implementation of Central Projects.

II. **Measures taken by RBI** :

1. Increase in Liquidity to the banks for improving credit flow, by :

(i) Reducing CRR, SLR Repo rate and Reverse Repo rate (from Oct' 08, CRR reduced from 9% to 5%, SLR reduced from 25% to 24%, Repo Rate reduced from 7.5% to 5.5%, and Reverse Repo Rate reduced from 6% to 4%.

(ii) A special re-finance facility has been put in place for banks for the purpose of extending finance to exports, micro and small enterprises, mutual funds and NBFCs. Provisioning requirements have been lowered. Export Credit Refinance facility for commercial banks increased to 50% of the outstanding Rupee Export Credit.

(iii) Refinance facility to the EXIM Bank for an amount of Rs. 5000 crores for providing pre-shipment and post-shipment credit in Rs. or dollars;

(iv) Sectoral Credit targets of public sector banks being revised upward.

2. Increase in FOREX Liquidity :

(i) RBIs assurance for continued selling of foreign exchange (US $) through banks, to augment supply in the domestic foreign exchange market;

(ii) Ceiling rates on export credit in foreign currency has been raised to LIBOR + 350 basis points subject to the condition that the banks will not levy any other charges, *i.e.*, service charge, management charge, etc. except for recovery towards out of pocket expenses incurred.

(iii) The ceiling on interest rates for non-resident deposits raised;

(iv) Banks' overseas borrowing limits increased and ECB borrowing norms eased; "all in cost" ceiling of such borrowings would be removed under the approval route of RBI;

(v) RBI decided to provide FOREX liquidity to Indian Public and Private Sector Banks upto June 30, 2009, through forex swaps of tenure upto 3 months.

3. Easing of Credit Terms :

(i) Enhancing the period of pre-shipment and post-shipment Rupee Export Credit by 90 days each;

(ii) Increasing the time period of export realization for non-status holder exporters to 12 months;

(iii) Authorised Dealers Category - I Banks permitted to consider applications for pre-mature buy-back of FCCBs from their customers.

(iv) Other announcements made by the PSU Banks consequent to measures announced by RBI:

(a) Reduced Interest Rate for Micro Enterprises and SMEs:

— Interest rate on loans to Micro Enterprises reduced by 100 basis points;

— Interest rate on loans to SME reduced by 50 basis points;

(b) PSU Banks will grant need based ad hoc working capital loan of upto 20% of their overall credit facility if it is less than Rs 10 Crore.

(c) For export units, Margin Money on Guarantees will be reduced.

Trade deficit in 2008-09

248. SHRI GIREESH KUMAR SANGHI: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the trade deficit in December 2008 has gone up further from $ 49.13 billion in August, 2008;

(b) if so, with the crude prices coming down significantly, what is the anticipated trade deficit in 2008-09, as compared to 2007-08; and

(c) with the recessionary trends around the globe, will our foreign trade be drastically affected even with regard to our traditional exports and need-based imports?

THE MINISTER OF STATE IN THE DEPARTMENT OF INDUSTRIAL POLICY AND PROMOTION, MINISTRY OF COMMERCE AND INDUSTRY (SHRI JAIRAM RAMESH): (a) The trade deficit, on custom basis, at US $ 13.94 billion in August, 2008 declined to US $7.57 billion in December, 2008.